NCA
VOC FOR IOP/FN
BACKGROUNDER NO. 1-0176 FEBRUARY 13, 1976
FRANK M. FEINBERG

LOWER WHOLESALE PRICES IN U.S. OFFSET INFLATION

ANNCR:

LOWER PRICES FOR FARM PRODUCTS AND PROCESSED FOODS IN JANUARY IS GOOD NEWS FOR THE AMERICAN HOUSEWIFE, AND FAVORABLE FOR THE GOVERNMENT'S EFFORTS AGAINST INFLATION. VOA BUSINESS EDITOR FRANK FEINBERG HAS THIS PERSPECTIVE:

VOICE:

STATISTICS JUST RELEASED (FRIDAY) SHOW WHOLESALE PRICES FOR FARM PRODUCTS DECLINED ONE POINT EIGHT PER CENT LAST MONTH. THIS FOLLOWS A MORE THAN TWO PER CENT (2.5) DECREASE IN WHOLESALE PRICES IN DECEMBER. AND NOW -- FOR THE THIRD CONSECUTIVE MONTH -- THE COST OF FARM PRODUCTS HAS DECLINED. (OPT) THE LABOR DEPARTMENT'S FIGURES SHOW WHOLESALE PRICES DROPPING FOR FRESH VEGETABLES, BEEF, PORK, POULTRY, EGGS, CEREAL AND BAKERY PRODUCTS. (END OPT)

THERE NORMALLY IS A TIME LAG BETWEEN LOWER WHOLESALE PRICES AND REDUCED PRICES AT THE CONSUMER LEVEL. BUT IT HAS BEEN EVIDENT FOR SEVERAL WEEKS NOW AT SUPERMARKETS AND OTHER FOOD OUTLETS THAT PRICES HAVE DIPPED ON A NUMBER OF ITEMS. MANY RETAIL CHAINS HAVE BEEN PROMOTING SALES ON FRESH, CANNED AND FROZEN FOODS.

THE DECLINE IN WHOLESALE FARM AND FOOD PRICES IN DECEMBER OFFSET AN INCREASE OF FOUR-TENTHS OF ONE PER CENT IN THE WHOLESALE PRICES OF MANUFACTURED GOODS IN THE SAME MONTH. BUT THIS INCREASE IS THE SMALLEST ADVANCE IN SIX MONTHS IN THIS CATEGORY.

JS/LP